209775

SLOVER & LOFTUS
ATTORNEYS AT LAW
1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036-3095

WILLIAM L. SLOVER
C. MICHAEL LOFTUS
DONALD G. AVERY
JOHN H. LE SEUR
KELVIN J. DOWD
ROBERT D. ROSENBERG
CHRISTOPHER A. MILLS
FRANK J. PERGOLIZZI
ANDREW B. KOLESAR III
PETER A. PFOHL
DANIEL M. JAFFE
KAREN HASSELL HERREN
KENDRA A. ERICSON

TELEPHONE:
(202) 347-7170
FAX:
(202) 347-3619
WRITER'S E-MAIL:
rdr@sloverandloftus.com

January 5, 2004

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board - Case Control Unit
1925 K Street, N.W.
Washington, D. C. 20423

Re: Docket No. 42070, Duke Energy Corporation
v. CSX Transportation, Inc.

Dear Secretary Williams:

Enclosed for FILING UNDER SEAL in the above-referenced proceeding please find an original and 16 copies of the Supplemental Evidence on Rerouted Traffic of Complainant Duke Energy Corporation (Highly Confidential Version). Also enclosed are an original and 10 copies of the Public Version of this pleading. In addition, we have enclosed for FILING UNDER SEAL three CD-ROM's containing the Highly Confidential Version of the text of this filing and the accompanying electronic workpapers, which Duke designates as Highly Confidential under the protective order in this proceeding.

We have enclosed an additional copy of this filing to be date-stamped and returned to our messenger. Thank you for your attention to this matter.

Sincerely,

Robert D. Rosenberg

Robert D. Rosenberg

Enclosures
cc: Counsel for Defendant

BEFORE THE
SURFACE TRANSPORTATION BOARD

DUKE ENERGY CORPORATION	)	
Complainant,	)	
v.	)	Docket No. 42070
CSX TRANSPORTATION, INC.	)	
Defendant.	)	

SUPPLEMENTAL EVIDENCE ON REROUTED TRAFFIC OF COMPLAINANT DUKE ENERGY CORPORATION

REDACTED, PUBLIC VERSION

DUKE ENERGY CORPORATION

By: Paul R. Kinny
Assistant General Counsel
Duke Energy Corporation
Mail Code PB05E
422 South Church Street
Charlotte, NC 28202-1904

William L. Slover
Robert D. Rosenberg
Christopher A. Mills
Andrew B. Kolesar III
Daniel M. Jaffe
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

OF COUNSEL:

Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Dated: January 5, 2004

Docket No. 42070

SUPPLEMENTAL EVIDENCE ON REROUTED TRAFFIC OF COMPLAINANT DUKE ENERGY CORPORATION

Table of Contents

BEFORE THE
SURFACE TRANSPORTATION BOARD

DUKE ENERGY CORPORATION Complainant, v. CSX TRANSPORTATION, INC. Defendant.	)	Docket No. 42070

SUPPLEMENTAL EVIDENCE ON REROUTED TRAFFIC OF COMPLAINANT DUKE ENERGY CORPORATION

The Board's Decision in this proceeding served October 14, 2003 ("October 14 Decision") instructs the parties to quantify the revenues and costs (including both operating costs and, if applicable, investment costs) attributable to "rerouting traffic that would not be local to the stand-alone railroad[] hypothesized in the case[]." In accordance with the October 14 Decision, but without waiver of any rights regarding the propriety of that decision, Duke Energy Corporation ("Duke") submits its supplemental evidence regarding the rerouting of crossover traffic by its stand-alone railroad ("SARR"), the Appalachia & Carolina Western Railroad (the "ACW").

I. SCOPE OF THE ACW'S REROUTED CROSSOVER TRAFFIC

The record materials to date reflect some dispute over not only the scope of the universe of the ACW's rerouted traffic, but even as to the definition of what constitutes a crossover traffic reroute. In this section, Duke will address the parties' conflicting positions and provide a least a partial reconciliation of those positions.

The parties' conflicting positions and the reconciliation are summarized in Exhibit S-1.[1]

In its Opening Evidence, Duke identified the rerouted crossover traffic by using a "1" in the "re-route flag" column of the "Route Level" sheet in its Opening electronic workpaper "CSX Matrix.xls." Duke further identified and addressed the rerouted traffic in the letter with attachments from Duke counsel to CSXT counsel dated June 18, 2002, and included in Duke's Rebuttal Workpapers at Vol. 5, pp. 1583-88. A copy of the letter and its attachments are included as Exhibit S-2. Exhibit S-2 identifies 31 individual rerouted movements by origin-destination ("O-D") combination.

CSXT addressed the reroutes in its Reply at III-A-39 to 43, III-B-68 to 72 (off-SARR costs), and CSXT Reply Exhibit III-B-22 (also off-SARR costs). However, the primary identification of what CSXT believed to be the reroutes appears only in its electronic workpaper III-B "reroute2compare.xls." In essence, CSXT indicated that only 20 of the 31 movements that Duke identified as reroutes were actually reroutes. In its Reply Narrative, CSXT identified 8 additional rerouted movements (the movements from Clover and Lynch 3, KY to Stilesboro, GA and six overhead movements covering approximately 350,000 tons of Northern Appalachian coal that the ACW routes via DK Cabin, WV) that Duke addressed in its Rebuttal Narrative at III-A-58 to 60. CSXT's electronic workpaper also identified 52 additional rerouted movements that do not appear to have been addressed in CSXT's Reply Narrative.

---

[1]Duke is denominating its exhibits submitted herewith as "S-1," "S-2," etc., because they reflect the supplemental evidence being submitted as part of this Response. Tables have also been numbered using the same convention.

Duke addressed the reroutes in its Rebuttal Narrative at III-B-54 to 71, III-C-70 to 73 (off-SARR costs), and III-F-70 (also off-SARR costs). The traffic reroutes were also identified in Duke's Rebuttal electronic workpaper "CSX Matrix Reb.xls." Duke's presentation addressed the 31 and the 8 additional overhead movements of Northern Appalachian coal. Neither Duke's Rebuttal Narrative nor its associated workpapers addressed the 52 additional reroute movements that CSXT noted only on its Reply workpaper and not in its Reply Narrative.

Duke's reconciliation of the status of the different categories of potentially rerouted traffic are shown in the rows of Exhibit S-1. In particular, line 1 shows that of the 31 movements that Duke originally classified as reroutes, CSXT has concluded (and Duke agrees) that only 20 constitute reroutes.

Duke has, with this filing, eliminated another 4 of the original 31 rerouted movements on the grounds that CSXT routed a movement involving the specific O-D combination over the ACW's proposed route of movement at least once during 2001.[2] In other words, Duke's position is that if CSXT used the ACW's proposed routing for the O-D combination at least once during 2001, the movement should not be classified as a reroute.[3]

---

[2]See Duke Supplemental electronic workpaper "inventory of reroutes.xls" for an identification of these moves and CSXT Reply electronic workpaper "reroute2compare.xls," sheet "comparison" for the routes.

[3]CSXT's position as to this matter is not entirely clear at the present time. CSXT plainly concluded that 11 of the movements that Duke identified on opening as involving reroutes were not, in fact, reroutes. Although CSXT did not articulate its basis for eliminating these movements as reroutes (beyond not designating them as reroutes in its electronic workpaper), it appears that CSXT may have made its determination based on

The defendant's actual routing of some of the traffic along Duke's proposed route demonstrates that this traffic can and does move that way and that the ACW's routing does not confront any insurmountable obstacles. Accordingly, to restrict the SARR's ability to repeat what the defendant incumbent already did in the real world would constitute an impermissible barrier to entry. The alternative of evaluating movements on an individual trainload-by-trainload basis would be inordinately burdensome for all concerned, and certainly should not be adopted where, as here, the defendant did not timely provide any affirmative explanation for why certain trainloads were routed one way and other trainloads were routed another way. Moreover, if, in the real world, the defendant's routing decisions are not made strictly on the basis of distance, then, as explained infra, it is inappropriate to subject the SARR to a more demanding standard and excluded "rerouted" traffic on the basis that it involves a longer route.

Line 2 of Exhibit S-1 addresses the 8 additional rerouted movements that CSXT identified in its Narrative Reply and Duke addressed in its Narrative Rebuttal. As Exhibit S-1 indicates, no disagreement persists as to the reroute status of this traffic.

Line 4 of Exhibit S-1 addresses the 52 additional rerouted movements that CSXT identified as reroutes in its reply electronic workpaper, but CSXT did not discuss in its Reply Narrative, and Duke did not discuss in its Rebuttal Narrative. Duke has determined that 16 of these movements moved at least once along with ACW's proposed

---

how the majority of the traffic for each movement was routed.

route of movement in 2001.[4] Duke's position is that these 16 movements should not be treated as reroutes for the reasons identified supra, which leaves only 36 reroute movements in this category.

Line 5 of Exhibit S-1 identifies the total number of reroutes at each stage of the reconciliation. Column 8 indicates that there are ultimately 60 rerouted movements that aggregate 6,400,752 tons in 2004.

II. NATURE OF THE ACW'S REROUTED TRAFFIC

Exhibit S-3 identifies the remaining 60 rerouted movements in a format similar to that in Exhibit S-2. As compared to Exhibit S-2, Exhibit S-3 incorporates rebuttal 2004 tonnage figures for the rerouted movements as well as the mileage changes made on rebuttal, except that Exhibit S-3 assumes that the Fayette, WV interchange with the residual CSXT is not shifted to Gauley, WV.[5]

Exhibit S-3 (like Exhibit S-1) shows that the total volume of rerouted traffic is relatively small, amounting to only 6,400,752 tons in 2004, which is the ACW's peak year of traffic, as calculated by Duke. The rerouted traffic amounts to only 5.8% of a projected 110,071,504 tons of 2004 peak-year traffic forecasted by Duke.

---

[4]See Duke Supplemental electronic workpaper "inventory of reroutes.xls" for an identification of these moves and CSXT Reply electronic workpaper "reroute2compare.xls," sheet "comparison" for the routes.

[5]On Rebuttal, Duke proposed shifting the interchange yard from Fayette to Gauley, but the proposed shift was rejected in the Board's decision in the proceeding served March 25, 2003. No purpose would be served by calculating divisions based on an interchange location that is no longer operative.

Exhibit S-3 identifies (as do Exhibits S-5 and S-7) the movements by O-D combination, and, like Exhibits S-4 through S-7, divides the traffic into several broad categories based on (a) the interchange between the ACW and the residual CSXT based on CSXT's actual 2001 route of movement, and (b) the new interchange point proposed as a result of the reroute.[6] The headings are as follows:

Table S-1
Classification of ACW Reroute
Categories by Interchange

Category (Heading)	Interchange on Original Route	Interchange with Reroute
A	Typo, KY	Spartanburg, SC
B	Russell, KY	Spartanburg, SC
C	Pineville, KY	Spartanburg, SC
D	Fayette, WV	Spartanburg, SC
E	Fayette, WV	Mount Holly, NC
F	Overhead traffic via Cumberland, MD or Corbin, KY	overhead traffic via DK Cabin or Pineville

Some individual movements are referenced herein by category heading and route number, e.g., movement B-2 is from Beth, WV to Rincon, GA.

Exhibit S-3 also identifies the mileages (ACW, residual CSXT, and total) with and without the reroutes. The following table summarizes the reroutes by the effect on the length of the movement:

[6]Exhibit S-2 involved a smaller number of categories.

Table S-2 Classification of ACW Reroutes by Effect on Total Distance					
	Item	Number of Rerouted Movements		Number of Rerouted Tons	
		No.	% of Total	No.	% of Total
	(1)	(2)	(3)	(4)	(5)
1.	Reroutes with shorter total distances	36	60%	2,531,969	40%
2.	Reroutes with longer total distances				
a.	1% to 11% increase	17	28%	1,627,372	25%
b.	Increase exceeds 11%	7	12%	2,241,411	35%
3.	Total Reroutes	60	100%	6,400,752	100%

As shown on Table S-2 above, a majority (36) of the reroutes, involving 40% of the tonnage, result in shorter total distances (line 1). Of the 24 movements, involving 60% of the tonnage, that are made longer by the reroutes, the increase ranges from 1% to 11% for 17 of the movements (line 2a), and exceeds 11% for 7 of the movements.

III. APPLICATION OF THE DUKE/NS MSP METHODOLOGY

Duke notes that the Board adopted its new "Modified Straight-Mileage Prorate" or "MSP" methodology for determining revenue divisions for crossover traffic in Docket No. 42069, Duke Energy Corporation v. Norfolk Southern Railway Company (STB served Nov. 6, 2003) ("Duke/NS") at 24, and applied the same MSP methodology in Docket No. 42072, Carolina Power & Light Company v. Norfolk Southern Railway Company (STB served Dec. 23, 2003) ("CP&L") at 21. Duke presumes that the Board will also utilize the basic MSP methodology in this case, but Duke believes that some

modification of the methodology as applied to rerouted traffic is appropriate, as discussed infra.

In Duke/NS, the Board indicated that a complainant's reroutes would be assessed in terms of through route efficiency, that is, the complainant "must ensure that the combined operations of the SARR and the residual carrier would be at least as efficient as the existing operations." Id. at 26. Accordingly, "[a]t a minimum, the complainant must fully account for all of the ramifications of requiring the residual carrier to alter its handling of the traffic and any changes in the level of service received by the shippers." Id.

As a practical matter, however, the analysis in Duke/NS turned on the length of the through route haul:

> The starting point for the Board's analysis for rerouted traffic will be length of haul. If a rerouting shortens the distance, the Board will presume it is acceptable, unless the defendant railroad demonstrates otherwise. The presumption will change for reroutings that result in a longer overall haul. A longer route is not necessarily less efficient, as increased densities and other operational efficiencies may offset the additional distance-related costs. But a logical presumption is that longer routes are generally less efficient than shorter ones; and the greater the disparity in distance, the stronger that presumption.

Id. at 26. In Duke/NS, the Board accepted those reroutes that reduced the length of the through route movement, but rejected other reroutes, including those that resulted in only a 21-mile extension for 1.7 million tons of coal traffic that the SARR in that case proposed to route through Winston-Salem, NC, instead of through Alta Vista, VA. Id. at

30. In contrast, CP&L accepted most reroutes that extended the total length of haul by less than 10 miles. Id. at 22.

Under the approach taken in Duke/NS and CP&L, the ACW's reroutes that involve a shortening of the route (referred to herein as "Group I" reroute movements) should be accepted, but the ACW's reroutes that involve a lengthening of the through route (referred to herein as "Group II" reroute movements) will likely be rejected.

Duke does not agree that the automatic exclusion of reroutes that lengthen the total distance by more than a very small amount is sound in any event. The residual incumbent should still be willing to handle the traffic so long as the residual incumbent's revenue division covers the residual incumbent's incremental costs and makes a positive contribution, which is the same basic test that the SARR applies in deciding to accept or include movements. Accordingly, to the extent that the costs associated with lengthening the movement are absorbed by the SARR, the residual incumbent should not be allowed to reject the reroute.[7]

Additionally, it is, as noted supra, especially inappropriate to exclude reroutes on the basis of an increased distance when the defendant carrier chooses to route some movements over longer routes. As noted supra, CSXT has to date classified as reroutes a number of movements where CSXT routes some of the traffic involving the same O-D pair over the ACW's proposed route. Furthermore, the CP&L decision

---

[7]As discussed infra, at most the residual incumbent is entitled to additional compensation on a "hold harmless" basis, but that is a far different thing from a blanket rule that reroutes that lengthen the haul of a through movement are automatically or even presumptively inefficient.

indicates that NS chose to adopt some extremely lengthy routings for some of its traffic.[8] Where a carrier voluntarily adopts routings that increase the haul by over 350 miles, reroutes by the SARR that result in lesser extensions should not be rejected on the basis that they involve an increased haul.

Duke respectfully submits that even if the Duke/NS focus on through route distance/efficiency is sound, the application of the methodology requires refinement in at least two respects, the first involving situations where the through route distance is shortened, and the second where the through route distance is lengthened. In the first situation, the SARR's reroute results in greater efficiency by the shorter through-route distance, but the residual incumbent is, under the Board's current approach, allowed to appropriate a significant portion of the savings through a higher division per unit of services rendered compared to the original route. In the second situation, the Board's mechanical application of the distance test ignores the logical possibility that the SARR would be willing to provide additional compensation to the residual incumbent to overcome the increased through route distance and associated decrease in compensation per unit of services rendered compared to the original route.

Duke submits that both of these infirmities can be addressed by revising the MSP methodology by calculating divisions using a "hold constant" adjustment that maintains the rate of compensation of the residual incumbent at the level experienced under the original routing. Specifically, the residual incumbent's compensation would be

---

[8]For example, Table E-10 at p. 132 of the CP&L decision shows that NS used a loaded route of movement through Ohio for some of the High Power-Hyco issue traffic that was over twice the length of the empty haul.

broken into two components: (a) line haul, and (b) terminal. The line haul component would be expressed in terms of mills per revenue ton-mile ("MPRTM"). The terminal component (based on the 100-mile termination block) would be expressed as a flat amount per ton.

The underlying notion is that the residual incumbent's MPRTM line haul and terminal compensation components from the original routing would be applied to the new routing, and the SARR's compensation would equal the total through rate less the residual incumbent's share. Where the total length of the movement is decreased, the residual incumbent would not receive an increased rate of compensation as a result of the SARR's increased efficiency. Allowing the residual incumbent to reap additional compensation on a ton-mile line-haul and/or termination block basis as the result of the entry of a least-cost, most-efficient SARR would turn stand-alone cost principles on their head. The SARR is a construct intended and designed to confer the benefits of competition to customers in a noncontestable market, and in the competitive or contestable world, the benefits of competition flow through to customers, and are not captured by residual incumbents/monopolists. Moreover, the Board is also requiring the SARR (and its customer base) to compensate the residual incumbent for any off-SARR capital costs resulting from the rerouting, and to enable the residual incumbent to reap higher line-haul and terminal compensation as well as its off-SARR capital costs would amount to an impermissible double dip.

In contrast, where the total length of haul is increased, and the residual incumbent stands to receive a diminished rate of compensation of line-haul and terminal

services, the SARR might find it in its best interests, and the best interests of its customers generally, to provide additional compensation to the residual incumbent in the form of "hold harmless" compensation.[9] The residual incumbent would then have no inherently plausible and legitimate reason to oppose the reroute (any opposition would constitute a form of prohibited retaliation), and the rerouted customer (as well as the SARR's other customers) would be better off with the longer routing to the extent the SARR's savings overcome the cost of providing the additional compensation to the residual incumbent, thus fulfilling the least-cost, most-efficient principles that lie at the heart of stand-alone cost analysis. Indeed, providing an opportunity and mechanism for such compensation is necessary so that the SARR's "increased densities and other operational efficiencies may offset the additional distance-related costs." Duke/NS at 24. Conversely, precluding such a compensation mechanism would constitute an impermissible entry barrier on the SARR.

The approach can be illustrated by considering examples where the reroutes reduce and increase the through distance. The first example, involving a reduction in the length of the total through movement (i.e., a Group I movement) is taken from the

---

[9]Duke notes that a form of the "hold harmless" adjustment has been applied to internal reroutes (i.e., reroutes involving just the SARR's portion of the movement) that increase the total distance of the movement. In particular, the practice of both complaining shippers and defendant carriers has been to use the original routing (when shorter) for calculating divisions. Using the rerouted distance would increase the total miles, which is added to the terminal mileage blocks to form the denominator. Accordingly, using the longer rerouted distance would serve to decrease the residual incumbent's division because its numerator would remain the same and the denominator would be increased due to the longer distance.

Raploade1, KY-Brooksville, FL movement (entry A-5 on Exhibits S-3, as well as Exhibits S-5 and S-7, discussed infra) that the ACW routes through Spartanburg instead of Typo, and is depicted in the following table:

Table S-3 Application of Revised Reroute Methodology to a Shortened ACW Through Movement Raploade1, KY-Brooksville, FL via Spartanburg Instead of Typo		
	ACW	CSXT
ORIGINAL ROUTING VIA TYPO		
Miles { }	{ }	{ }
Relative Divisions using MSP	{ }	{ }
Division of { } rate using MSP	{ }	{ }
CSXT Division relating to line haul in $		{ } { }
CSXT Division relating to line haul in MPRTM		{ } MPRTM
CSXT Division for destination terminal		{ } { }
REROUTE VIA SPARTANBURG		
Miles { }	{ }	{ }
MSP Divisions	{ }	{ }
REROUTE WITH ADJUSTMENT		
Application CSXT Line Haul Division		{ }
Application of CSXT Destination Terminal Division		{ }
Total CSXT Division		{ }
Total ACW Division	{ }	

Use of the revision results in the ACW's receiving an additional {

}, which the residual CSXT would otherwise receive due to its appropriation of the efficiencies inherent in the ACW's more efficient routing of the traffic.[10]

The second situation is one where the reroute results in an extension of the length of the through movement (i.e., a Group II movement). It is appropriate to consider the Sarah-Harlee movement (entry C-12 on Exhibit S-3, S-5, and S-7) for this purpose:

[10]Duke notes that in its Opening and Rebuttal Evidence, it calculated the ACW's division using the original miles (and not the shorter rerouted miles) in the denominator of the Group I movements, which had the effect of understating the ACW's revenues. The original miles were also in used the revenue division calculation for the reroutes where the total length of haul was increased (the Group II movements), which had the effect of overstating the ACW's revenues. The use of the MMP methodology would have obscured the error where the total number of mileage blocks did not change. Using the correct mileage figures serves to increase the ACW's 2004 revenues for the rerouted traffic by { } above the value that would be calculated under Duke's Rebuttal values using the MSP method.

Table S-4 Application of Revised Reroute Methodology to a Lengthened ACW Through Movement Sarah-Harlee via Spartanburg Instead of Pineville, KY		
	ACW	CSXT
ORIGINAL ROUTING VIA PINEVILLE		
Miles { }	{ }	{ }
Relative Divisions	{ }	{ }
Division of { } rate	{ }	{ }
CSXT Division relating to line haul in $		{ } { }
CSXT Division relating to line haul in MPRTM		{ }
CSXT Division for destination terminal		{ } { }
REROUTE VIA SPARTANBURG		
Miles { }	{ }	{ }
MSP Divisions	{ }	{ }
REROUTE WITH ADJUSTMENT		
Application of CSXT Line Haul Division		{ }
Application of CSXT Destination Terminal		{ }
Total CSXT Division		{ }
Total ACW Division	{ }	

Under these circumstances, it would be entirely logical for the SARR to forego the { } per ton in revenue (compared to application of the regular MSP) in order to

provide adequate compensation to the residual incumbent for the Sarah-Harlee reroute. Also, the customer faced with the longer reroute should be willing to accept the increase in total distance in order to share more fully in the SARR's savings.

Accordingly, the "hold constant" modification should be incorporated when the MSP is applied to crossover traffic reroutes that increase or decrease the total length of haul.

IV. OVERVIEW OF REVENUE AND COST IMPACT OF REROUTES

Exhibit S-4 summarizes the impact of using the reroutes versus using the original routing utilizing the Board's current MSP methodology to allocate revenues. Exhibit S-5 shows the detail for each rerouted movement. The analysis assumes that virtually all of the rerouted traffic is restored to its original routing and not eliminated from the SARR altogether. This approach is consistent with that in Duke/NS, Docket No. 42056, Texas Municipal Power Agency v. Burlington Northern. and S. F. Ry. Co. (STB served March 24, 2003) at 21-22, and CP&L.[11]

Exhibit S-4 shows that the total revenues in 2004 for the rerouted traffic equals $40.9 million under the MSP method. Exhibit S-4 also shows that the additional ACW revenues associated with rerouting the traffic (compared to using CSXT's 2001 route of movement) in the 2004 peak-year are $12.8 million for the Group I traffic, $13.8 million for the Group II traffic, and $26.7 million for all of the traffic combined.

---

[11]Restoring the original routing would result in a relatively small loss of total traffic. As shown on Exhibit S-5, the ACW originates 413,804 tons at Typo (A-12 and A-13); restoring the original routing causes these tons to bypass the ACW altogether. Using the original routing would also cause the ACW to forego 418,622 tons of overhead traffic received at DK Cabin and Pineville, as also shown on Exhibit S-5.

Exhibit S-4 also estimates the impact of the reroutes on the ACW's peak-year operating expenses. The change in annual operating costs was estimated by taking the total operating expenses calculated in Duke's Rebuttal DCF model (except for operating managers, general and administrative costs, and ad valorem taxes, which were considered fixed for this purpose), and adjusting them on the basis of total ton-miles. Exhibit S-4 shows that the additional ACW costs associated with rerouting the traffic in the 2004 peak-year are $3.0 million for the Group I traffic, $4.7 million for the Group II traffic, and $7.7 million for all of the traffic combined.

As discussed supra, Duke has proposed revising the Board's MSP methodology for allocating revenues for the rerouted movements where the total length of movement is increased or decreased. As explained supra, the "hold constant" methodology provides a more appropriate mechanism for allocating revenues where the total length of movement is shortened by the reroute, and failing to make the adjustment in such situations allows the residual incumbent to appropriate part of the benefit of the efficiencies created by the SARR. Where the total length of the movement is increased by the reroute, the "hold constant" adjustment provides a mechanism for the SARR's economies and efficiencies to offset any diminution in the residual incumbent's rate of compensation, which is preferable to having the reroute eliminated automatically.

Exhibit S-6 summarizes the impact of using the reroutes based on the "hold constant" modification compared to using both (a) the current MSP methodology without the modification, and (b) the original routing. Exhibit S-6 shows a total of $37.8 million in revenues for the rerouted movements including in the ACW's traffic base with the

adjustment, which is $3.1 million less than the $40.9 million in revenue show on Exhibit S-4, utilizing the MSP methodology without the "hold constant" modification. The $37.8 million in reroute revenues with the "hold constant" modification is $23.5 million greater than the $14.3 million in revenues without the reroutes at all. Exhibit S-6 also provides totals for the Group I and Group II reroutes, as well as sub-totals for reroute categories A-F. In particular, the revenues for the Group II traffic are $17.5 million with the "hold constant" adjustment as compared to $8.5 million without the Group II reroutes at all.

Exhibit S-7 shows the effect of allocating revenues under the "hold constant" approach compared to both the current MSP methodology and eliminating the reroutes altogether for each individual movement. The organizational format (that is, Categories A-F) is the same as in Exhibits S-3 and S-5.[12]

V. CAPACITY AND CONGESTION CONSIDERATIONS RELATED TO THE REROUTED CROSSOVER TRAFFIC

In assessing the capacity and congestion considerations relating to the ACW's rerouted crossover traffic, it is useful to treat the Group I and Group II traffic separately.

In particular, the Group I reroutes should, under Duke/NS and CP&L, be sustained because they involve a shortening of the total length of the covered movements. Since the existing capacity and congestion analysis to date already reflects the rerouting of this traffic, there is little, if any, need for additional discussion. Nonetheless, Duke

[12]Review of Exhibit S-7 shows that the ACW is better off with the "hold constant" adjustment than the original routing for all reroutes except one, C-11, the movement from Lynch 3 to Stilesboro. While the reroute is still compensatory, the ACW's contribution would be greater with the original routing by about { } in 2004.

notes that the primary changes if the Group I reroutes were restored would be to route 1.1 million tons to Typo instead of Spartanburg (category A on Exhibit S-4 and the other exhibits) and 0.6 million tons to Pineville instead of Spartanburg (category C on Exhibit S-4 and other exhibits). The additional traffic would hardly test the capability of the interchanges.[13]

Restoring the original routing for the Group I traffic would reduce the volume of traffic moving between the affected origins and Spartanburg, which should theoretically reduce congestion and presumably reduce the need for capital investment or improve the operating statistics along those segments. However, the total affected volume (2.5 million tons) equates to approximately 1.28 trains per day in both directions combined (assuming 11,294 tons per train and 350 operating days per year) and is too inconsequential to have a significant impact or to justify the quantification of the impact, which would entail performing a new string program analysis. Likewise, the impacts of restoring the original routing for this traffic on the segments between the origins and the original interchanges (primarily Typo and Pineville) would be inconsequential. Nonetheless, net effect on capacity and congestion should be favorable as the total number of ton-miles would be reduced, as shown on Exhibit S-5.

---

[13]For example, the 1,137,650 million tons routed to Typo instead of Spartanburg would amount to 100.73 trains in each direction in the 2004 peak-year, using an average of 11,294 tons per train, based on Duke Rebuttal electronic workpaper file "CSX SAC Trains.xls", sheet "Final 14 Day," which shows a total of 5,488,642 tons and 486 trains for the ACW for the two-week study period. The 100.73 trains in each direction would equate to an average of 0.58 trains per day in both directions combined, based on having the ACW operate 350 days a year.

Accordingly, the appropriate focus for discussion of capacity and congestion considerations is on the Group II reroutes, which face a greater prospect of rejection under the Duke/NS and CP&L treatment (albeit not if the "hold constant" or "hold harmless" modification is accepted). The Group II reroutes are more substantial (3.9 million affected tons, as shown on Exhibit S-4), but even that volume equates to an average of just under 2 trains per day (loaded and empty movements combined).

Exhibit S-8 depicts the effect on volumes at the various points of interchange between the ACW and the residual CSXT if the Group II reroutes are restored to their original routing.[14] Exhibit S-8 also displays the affected volumes both by total tons and by average number of trains per day.

As shown on Exhibit S-8, the affected interchange volumes are relatively small. By far the biggest shift is at Spartanburg, which would lose approximately 3.9 million tons in the 2004 peak-year or about 15.5% of its total 2004 volume of 25 million tons. Most (3 million tons) of the affected volume would be routed instead to Pineville, which would have its total 2004 volume increase from 3.1 million tons to 6.1 million tons (ignoring the minor reduction in overhead volumes moving to Pineville from Spartanburg under the reroutes). Even so, Pineville would average an interchange of less than 3.2 trains per day, a figure that is well within the capability of the single interchange track that Duke has proposed (e.g., 22 hours divided by 3.2 trains per day equates to 6.9 hours

[14]The "off" interchange points (where the ACW delivers traffic to the residual CSXT) are Spartanburg, Typo, Russell, Pineville, Fayette, and Mount Holly. The "on" interchange points (where the ACW receives overhead traffic from the residual CSXT) are DK Cabin and Pineville.

to interchange each train). Furthermore, to the extent that any additional facilities were needed, at least one of the additional interchange tracks that CSXT had proposed at Spartanburg could be moved to Pineville since the Spartanburg interchange would experience a reduction of nearly one-sixth of its volume.

As with the Group I traffic, restoring the original routing for the Group II traffic would have little effect on system capacity and congestion, although the net benefits should be positive, considering the overall reduction in ton-miles. In particular, the Group II traffic in category C routed would, as shown on Exhibit S-5, move a relatively short distance (not more than 60 miles) to Pineville instead of over 300 miles to Spartanburg, which should theoretically reduce congestion and presumably reduce the need for capital investment or improve the operating statistics along those segments. However, the total affected volume (3 million tons) is too inconsequential to have a significant impact or to justify its quantification, which would entail performing a new string program analysis.

In short, there is absolutely no need to alter the capacity/congestion analysis for just the Group II traffic, and even an altered analysis for just the Group I traffic would result in net savings, which Duke has not attempted to calculate under the circumstances.

VI. OFF-SARR INVESTMENT ASSOCIATED WITH RESTORING THE ORIGINAL ROUTINGS

In its Reply Evidence, CSXT claimed that some relatively modest off-SARR investments would be required on the residual CSXT to accommodate the rerouted traffic. Specifically, the CSXT Reply at III-B-68 to 72 and Reply Exhibit III-B-22 claimed that in order to accommodate the reroutes, three segments would need to be

upgraded. First, the Spartanburg-Laurens, SC segment would require a Train Control System ("TCS") at a cost of { } and { } for grade and curvature reductions. Second, the Laurens-Columbia, SC segment would require a TCS at a cost of { } and { } to construct a new passing siding at Ballentine, SC, with power turnouts. Third, the Columbia-Savannah, GA segment would require { } to extend two tracks at CSXT's Cayce Yard (at Columbia) and add power turnouts and { } for a new 7,200' siding at Dixiana. The total claimed cost is { }

Duke addressed these matters in detail in its Rebuttal Evidence at III-C-70 to 73 (as well as briefly at III-F-140, which found CSXT's unit cost for TCS to be reasonable). Duke explained that even if it were appropriate to assign off-SARR costs to the SARR, the only investment that would be needed is { } for the TCS (which Duke termed "CTC" for Centralized Traffic Control) between Spartanburg and Laurens. Duke further explained that CSXT's proposed grade and curvature reductions would not be effective as they would reduce the running time over the 36.6 mile segment by 15 minutes at most, which does not represent a significant improvement. In contrast, the CTC would add discernable benefits for all of the traffic traversing over the segment.

With respect to the Laurens-Columbia and Columbia-Savannah segments, Duke explained in its Rebuttal that CSXT had not made the necessary threshold showing as to why any upgrades were necessary given that the traffic could instead be routed Laurens-Greenwood-Augusta-Fairfax (as shown on the schematic in CSXT Reply at III-

B-70). Where two routings are feasible, it is plainly inappropriate to discuss upgrades only with respect to one route without considering the additional capacity provided by the other route.[15]

Duke also takes issue with the significance of the calculations presented in CSXT Table III-B-12 in the CSXT Reply at III-B-69. The table purports to show the ACW's rerouted trains increase the daily through train density on the Spartanburg-Fairfax segments by 34% to 45%. However, the asterisk indicates that the through trains "Excludes CSXT local train and helper movements." Local and helper train movements, especially to the extent that they involve switching (which is inherent in both types of movements), can have a significant and disproportionate effect (relative to through trains) on segment traffic flows and resulting congestion (or so a defendant carrier would be quick to argue in other contexts). Accordingly, presenting a chart that depicts only through trains and excludes local train and helper movements, without saying anything about their frequency and duration, does not present a meaningful depiction of the influence of the rerouted through trains on system capacity.

An additional infirmity is that CSXT did not provide a source for its claim of the increased number of reroute trains traveling South at Spartanburg. As best Duke can determine, the 4.47 trains per day figure for the Spartanburg-Laurens segment claimed by CSXT in its Table III-B-12 may rest on CSXT's claim of an implied total of about 9 million tons of traffic that is rerouted beyond Spartanburg. (9 million tons divided

---

[15]Any effort by CSXT to address the other routing at this point would be impermissible.

by11,294 tons/train equates to 779 loaded trains per year or 2.23 loaded trains per day over 350 days/year, or 4.45 trains per day loaded and empty combined.) However, CSXT fails to make any apparent adjustment for the fact that at least one train for 20 of the 80 CSXT-claimed reroute movements followed the ACW proposed route in 2001. Accordingly, CSXT's claimed increased train counts are unsupported. Under Duke's reroute definition, the increase in trains would be far less. The reroutes to Spartanburg (Groups I and II combined) shown on Exhibit S-4 total 6,126,667 tons, which equates to less than 3 trains per day. If the Group II reroutes were eliminated, the remaining Group I reroutes to Spartanburg would amount to 2,257,894 tons, or an average of 1.11 additional trains (loaded and empty combined) south of Spartanburg. An average increase of only one train per day should not be sufficient to trigger even installation of a TCS, much less the other improvements claimed by CSXT.

Duke further adds that an appropriate analysis would take into account any upgrade costs that CSXT would reasonably avoid by not using the original routing due to the ACW's reroutes. This matter was not addressed by CSXT. In its Reply at III-B-64, CSXT did state that it "attempts to maximize the utilization of its network by intelligently routing trains over alternative routes via Corbin, KY and Richmond, VA - a relative luxury that would be unavailable to the ACW." Those "luxuries" were likely acquired and upgraded only at a significant cost (it is difficult to imagine that CSXT would not have high densities in areas such as Richmond). Shifting traffic from these corridors should enable CSXT to achieve savings, and these savings should be offset against the costs of any upgrades associated with the reroutes.

VII. CONCLUSION

Duke submits that the evidence supports full retention of the all the rerouted traffic. Certainly the Group I reroutes should be retained as they involve distance reductions. Additionally, the MSP methodology should be applied to the reroutes using the "hold constant" adjustment. This adjustment would support both allocating additional revenues for the Group I reroutes and retaining the Group II reroutes (those that result in longer total distances), where the residual CSXT would receive sufficient "hold harmless" compensation.

Respectfully submitted,

DUKE ENERGY CORPORATION

By: Paul R. Kinny
Assistant General Counsel
Duke Energy Corporation
Mail Code PB05E
422 South Church Street
Charlotte, NC 28202-1904

William L. Slover
Robert D. Rosenberg
Christopher A. Mills
Andrew B. Kolesar III
Daniel M. Jaffe
1224 Seventeenth Street, N.W.
Washington, D.C. 20036
(202) 347-7170

OF COUNSEL:

Slover & Loftus
1224 Seventeenth Street, N.W.
Washington, D.C. 20036

Dated: January 5, 2004

CERTIFICATE OF SERVICE

I hereby certify that on January 5, 2004, I caused five copies of the foregoing Supplemental Evidence on Rerouted Traffic of Complainant Duke Energy Corp. (together with associated exhibits and workpapers) to be served by hand upon the following counsel for Defendant CSX Transportation, Inc.:

G. Paul Moates, Esq.
Paul A. Hemmersbaugh, Esq.
Sidley Austin Brown & Wood
1501 K Street, N.W.
Washington, D.C. 20005

_____
Robert D. Rosenberg

VERIFICATION

STATE OF VIRGINIA)
)
CITY OF ALEXANDRIA)

Thomas D. Crowley, being duly sworn, deposes and says that he is the same Thomas D. Crowley whose Statement of Qualifications appears in Part IV of the Narrative portion of Duke Energy Corporation's Opening Evidence in this proceeding; that he is responsible for the portions of the foregoing Supplemental Evidence of Complainant Duke Energy Corporation relating to the changes in the stand-alone railroad's volumes, traffic flows, daily train counts, and revenues that would result from restoring the original route for certain crossover coal traffic that Duke rerouted for purposes of its earlier evidentiary submissions in this case; and that he knows the contents thereof and that the same are true as stated to the best of his knowledge, information and belief.

Thomas D. Crowley

Sworn to and subscribed before me
this 5th day of January, 2004

Notary Public for the State of Virginia

My Commission expires September 30, 2007

VERIFICATION

I, William C. Lyman, verify under penalty of perjury that I am the same William C. Lyman whose Statement of Qualifications appears in Part IV of the Narrative portion of Duke Energy Corporation's Opening Evidence in this proceeding; that I am responsible for the portions of the foregoing ~~Response~~ Supplemental Evidence of Complainant Duke Energy Corporation ~~to Board Order Served October 10, 2003~~ relating to the changes in the stand-alone railroad's facilities and operating plan that would result from restoring the original route for certain crossover coal traffic that Duke rerouted for purposes of its earlier evidentiary submissions in this case; that I know the contents thereof, and that the same are true and correct. Further, I certify that I am qualified and authorized to file this statement.

William C. Lyman

Executed on: December 30, 2003

REROUTE COMPARISON - DUKE OPENING & REBUTAL v. CSXT REPLY v. DUKE SUPPLEMENTAL

Item	Duke Opening & Rebuttal Classification of Reroutes 1/		CSXT Reply Classification of Reroutes 2/		Movements that Travelled ACW Route at Least Once 2/ 3/		Duke Supplemantal Classification of Reroutes	
	No. of Moves	Duke 2004 Rebuttal Tons	No. of Moves	Duke 2004 Rebuttal Tons	No. of Moves	Duke 2004 Rebuttal Tons	No. of Moves 4/	Duke 2004 Rebuttal Tons 5/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Duke								
1. Opening	31	3,177,212	20	2,647,717	4	1,421,629	16	1,226,088
2. Rebuttal	8	2,130,336	8	2,130,336	0	0	8	2,130,336
3. Total	39	5,307,548	28	4,778,053	4	1,421,629	24	3,356,424
CSXT								
4. Reply - additional to Duke			52	5,036,351	16	1,992,023	36	3,044,328
5. Total	39	5,307,548	80	9,814,404	20	3,413,652	60	6,400,752

1/ Opening - No. of movements from Duke June 18, 2002 letter to CSXT; tons from Duke rebuttal electronic workpaper "Rebuttal ACW Traffic Forecast.xls", sheet "Stand Alone Coal Forecast".
Rebuttal - No. of movements based on Duke Rebuttal text (III-A-58 to 60) combined with CSXT identification of specific movements; tons from Duke rebuttal electronic workpaper "Rebuttal ACW Traffic Forecast.xls", sheet "Stand Alone Coal Forecast".

2/ No. of movements from CSXT Reply electronic workpaper "reroute2compare.xls", sheet "comparison"; tons from Duke rebuttal electronic workpaper "Rebuttal ACW Traffic Forecast.xls", sheet "Stand Alone Coal Forecast".

3/ Based on CSXT movement data shown in CSXT Reply electronic workpaper "reroute2compare.xls".

4/ Column (4) - Column (6)

5/ Column (5) - Column (7)

Exhibit S-2

(Redacted)

Exhibit S-3

(Redacted)

IMPACT ON THE APPALACHIA & CAROLINA WESTERN RAILROAD REVENUES, COSTS & TON-MILES RESULTING FROM TRAFFIC RE-ROUTING
(Modified Straight Mileage Prorate Basis)

Category Description (1)	Tons (2)	Revenues With Reroutes (3)	Revenues Without Reroutes (4)	Costs With Reroutes (5)	Costs Without Reroutes (6)	Ton-Miles With Reroutes (7)	Ton-Miles Without Reroutes (8)
All Rerouted Movements							
A Change "Off" Junction from Typo, KY to Spartanburg, SC	1,206,965	$8,600,542	$1,472,442	$1,861,715	$151,706	455,967,418	37,155,425
B Change "Off" Junction from Russell, KY to Spartanburg, SC	734,295	5,170,785	2,231,794	1,244,761	343,745	304,864,266	84,189,306
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	3,615,187	20,895,714	8,645,491	4,699,555	678,057	1,151,005,467	166,068,319
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	91,227	917,466	262,717	185,934	37,214	45,538,671	9,114,420
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	274,075	2,739,553	1,646,643	478,329	287,806	117,151,335	70,488,770
F Overhead Movements - Re-route Over ACW	479,003	2,612,554	0	769,229	0	188,397,968	0
Total Reroutes	6,400,752	$40,936,614	$14,259,087	$9,239,523	$1,498,527	2,262,925,126	367,016,240
Difference	xxx	$26,677,527	xxx	$7,740,996	xxx	1,895,908,886	xxx
Group I - Movements Where Reroute Decreased Total Miles							
A Change "Off" Junction from Typo, KY to Spartanburg, SC	1,137,650	$8,186,566	$1,317,559	$1,760,178	$137,725	431,099,275	33,731,264
B Change "Off" Junction from Russell, KY to Spartanburg, SC	352,944	2,404,154	1,051,784	520,014	167,479	127,360,843	41,018,638
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	615,692	3,996,873	1,516,619	771,230	147,841	188,888,149	36,208,847
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	91,227	917,466	262,717	185,934	37,214	45,538,671	9,114,420
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	274,075	2,739,553	1,646,643	478,329	287,806	117,151,335	70,488,770
F Overhead Movements - Re-route Over ACW	60,381	393,727	0	95,651	0	23,426,653	0
Total Reroutes	2,531,969	$18,638,339	$5,795,322	$3,811,337	$778,064	933,464,927	190,561,938
Difference	xxx	$12,843,018	xxx	$3,033,273	xxx	742,902,988	xxx
Group II - Movements Where Reroute Increased Total Miles							
A Change "Off" Junction from Typo, KY to Spartanburg, SC	69,315	$413,977	$154,884	$101,537	$13,981	24,868,143	3,424,161
B Change "Off" Junction from Russell, KY to Spartanburg, SC	381,351	2,766,631	1,180,010	724,746	176,266	177,503,424	43,170,669
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	2,999,495	16,898,841	7,128,872	3,928,325	530,216	962,117,318	129,859,472
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	0	0	0	0	0	0	0
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	0	0	0	0	0	0	0
F Overhead Movements - Re-route Over ACW	418,622	2,218,827	0	673,578	0	164,971,315	0
Total Reroutes	3,868,783	$22,298,275	$8,463,766	$5,428,186	$720,463	1,329,460,199	176,454,302
Difference	xxx	$13,834,509	xxx	$4,707,723	xxx	1,153,005,897	xxx

Exhibit S-5

(Redacted)

IMPACT ON THE APPALACHIA & CAROLINA WESTERN RAILROAD REVENUES & COSTS RESULTING FROM TRAFFIC RE-ROUTING
(Comparison of Modified Straight Mileage Prorate to "Hold Constant")

Category Description (1)	Tons (2)	Revenues With Reroutes (3)	Revenues Without Reroutes (4)	Revenues With Reroutes "Hold Constant" (5)	Costs With Reroutes (6)	Costs Without Reroutes (7)
All Rerouted Movements						
A Change "Off" Junction from Typo, KY to Spartanburg, SC	1,206,965	$8,600,542	$1,472,442	$9,317,142	$1,861,715	$151,706
B Change "Off" Junction from Russell, KY to Spartanburg, SC	734,295	5,170,785	2,231,794	5,004,885	1,244,761	343,745
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	3,615,187	20,895,714	8,645,491	16,984,663	4,699,555	678,057
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	91,227	917,466	262,717	1,055,179	185,934	37,214
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	274,075	2,739,553	1,646,643	2,955,113	478,329	287,806
F Overhead Movements - Re-route Over ACW	479,003	2,612,554	0	2,520,861	769,229	0
Total Reroutes	6,400,752	$40,936,614	$14,259,087	$37,837,843	$9,239,523	$1,498,527
Difference 1/	xxx	$26,677,527	xxx	$23,578,756	$7,740,996	xxx
Group I - Movements Where Reroute Decreased Total Miles						
A Change "Off" Junction from Typo, KY to Spartanburg, SC	1,137,650	$8,186,566	$1,317,559	$9,317,142	$1,760,178	$137,725
B Change "Off" Junction from Russell, KY to Spartanburg, SC	352,944	2,404,154	1,051,784	2,527,045	520,014	167,479
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	615,692	3,996,873	1,516,619	4,092,961	771,230	147,841
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	91,227	917,466	262,717	1,055,179	185,934	37,214
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	274,075	2,739,553	1,646,643	2,955,113	478,329	287,806
F Overhead Movements - Re-route Over ACW	60,381	393,727	0	430,099	95,651	0
Total Reroutes	2,531,969	$18,638,339	$5,795,322	$20,377,539	$3,811,337	$778,064
Difference 1/	xxx	$12,843,018	xxx	$14,582,217	$3,033,273	xxx
Group II - Movements Where Reroute Increased Total Miles						
A Change "Off" Junction from Typo, KY to Spartanburg, SC	69,315	$413,977	$154,884		$101,537	$13,981
B Change "Off" Junction from Russell, KY to Spartanburg, SC	381,351	2,766,631	1,180,010	2,477,840	724,746	176,266
C Change "Off" Junction from Pineville, KY to Spartanburg, SC	2,999,495	16,898,841	7,128,872	12,891,703	3,928,325	530,216
D Change "Off" Junction From Fayette, WV to Spartanburg, SC	0	0	0	0	0	0
E Change "Off" Junction From Fayette, WV to Mount Holly, SC	0	0	0	0	0	0
F Overhead Movements - Re-route Over ACW	418,622	2,218,827	0	2,090,761	673,578	0
Total Reroutes	3,868,783	$22,298,275	$8,463,766	$17,460,304	$5,428,186	$720,463
Difference 1/	xxx	$13,834,509	xxx	$8,996,538	$4,707,723	xxx

1/ Column (3) on the "Difference" row equals Column (3) on the "Total Reroutes" row minus Column (4) and Column (5) on the "Difference" row equals Column (5) on the "Total Reroutes" row minus Column (4)

Exhibit S-7

(Redacted)

IMPACT ON ACW INTERCHANGE TONNAGES BY USING ORIGINAL ROUTING FOR MOVEMENTS WHERE REROUTE INCREASED TOTAL MILES - 2004

Item	Interchange Forwarded Traffic						Overhead Movements	
	Spartanburg Off Junction	Typo Off Junction	Russell Off Junction	Pineville Off Junction	Fayette Off Junction	Mount Holly Off Junction	DK Cabin On Junction	Pineville On Junction
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Rebuttal Tons (2004) 1/	24,980,455	4,897,170	20,092,846	3,142,705	18,379,440	4,756,642	437,647	224,787
2. Impact on Interchange Tons 2/								
a. Change Off-Jct from Spartanburg back to Typo	(69,315)	69,315						
b. Change Off-Jct from Spartanburg back to Russell	(381,351)		381,351					
c. Change Off-Jct from Spartanburg back to Pineville	(2,999,495)			2,999,495				
d. Remove from ACW route between DK Cabin and Spartanburg	(339,978)						(339,978)	
e. Remove from ACW route between Pineville and Spartanburg	(78,644)							(78,644)
f. Total	(3,868,783)	69,315	381,351	2,999,495	0	0	(339,978)	(78,644)
3. Revised Tons (2004) 3/	21,111,672	4,966,485	20,474,197	6,142,200	18,379,440	4,756,642	97,669	146,143
4. Impact on Trains per Day								
a. Loaded Trains per Day - Before 4/	6.32	1.24	5.08	0.80	4.65	1.20	0.11	0.06
b. Loaded and Empty Trains per Day - Before 5/	12.64	2.48	10.17	1.59	9.30	2.41	0.22	0.11
c. Loaded Trains per Day - After 6/	5.34	1.26	5.18	1.55	4.65	1.20	0.02	0.04
d. Loaded and Empty Trains per Day - After 5/	10.68	2.51	10.36	3.11	9.30	2.41	0.05	0.07
e. Change in Loaded Trains per Day 7/	(0.98)	0.02	0.10	0.76	0.00	0.00	(0.09)	(0.02)
f. Change in Loaded and Empty Trains per Day 5/	(1.96)	0.04	0.19	1.52	0.00	0.00	(0.17)	(0.04)

1/ Duke Rebutal electronic workpaper "Rebuttal OD Pair Listing.xls" and Supplemental electronic workpaper "Exhibit S-8.xls"
2/ Exhibit S-4, Group II movements only
3/ Line 1 + Line 2f
4/ Line 1 ÷ 11,294 tons per train ÷ 350 operating days per year
5/ Previous line x 2
6/ Line 3 ÷ 11,294 tons per train ÷ 350 operating days per year
7/ Line 4c - Line 4a